

U.S. dollar - The U.S. dollar rose to almost one-month highs against other major currencies after stronger than expected economic reports on Friday, easing concerns over the outlook of the economy. The Commerce Department reported on Friday that retail sales boosted 1.3% in April, well above 0.8% increase seen. It was the biggest growth since March 2015. Another report of U.S. consumer sentiment came in at 95.8 in May, from 89.0 in April and beating 90.0 expected. It was the highest reading since June 2015. The upbeat data soothed some existing fears over the health of the economy and revived the expectations for rate hike to be sooner. The dollar rose 0.52% on Friday against other major peers at 94.6, the strongest index since late April.

In the euro zone, the first quarter GDP growth was revised down slightly to 0.5% from 0.6% estimated in previous report. Annual growth was also revised down to 1.5% from 1.6%. The weaker data in the euro zone in contrary to upbeat data in U.S. has brought EUR/USD pair lower at 1.1309, down 0.55%. The pair ended the week with 0.63% losses. The euro area is to release revised report on consumer inflation this week. Japanese yen was stronger against the dollar despite the boost in greenback as the Bank of Japan kept monetary policy unchanged. Japan producer prices for April fell 0.3% monthly, slightly further than 0.2% decline expected. The annual growth came in at 4.2% decline, more than 3.7% drop seen. USD/JPY hit two-week highs of 109.57 on Friday and settled at 108.61, down 0.35%. EUR/JPY pair extended its pullback from last Thursday's peak

of 124.65 to 122.62.

The Australian dollar, which is closely linked with the biggest trade partner China plays, fell to its two-month lows after downbeat Chinese data release. In the weekend, Chinese fixed asset investment came in at 10.5%, below 11.0% expected. Retail sales in China also came in at 10.1% increase, not reaching 10.6% rise seen. AUD/USD hit 0.7249, the lowest level in two months. AUD/JPY also fell to a low of 78.58. In the week ahead, investors will pay attention to U.S. inflation data on Tuesday and Federal minutes of April meeting on Wednesday for better indication of the rate hike path. Japan's first quarter GDP growth and U.K. jobs report will also be in focus.

Weekly Events and Forecasts

Ahead of the coming week, Solforex has compiled a list of these and other significant events likely to affect the markets.

Monday, May 16

Markets in Germany and France will be closed. Japan is to release data on producer price inflation and machinery orders. The U.K. is to publish data on Rightmove housings price index. The U.S. is to report on New York state manufacturing and NAHB housing market index. Tuesday, May 17 Japan is to publish index of mining and manufacturing industrial product. The Reserve Bank of Australia is to publish its recent monetary policy meeting minutes. New Zealand is to release data on inflation expectations. The U.K. is to report on consumer, producer, and retail prices inflation. Eurozone is to release data on trade balance. Canada is to report on manufacturing sales.

The U.S. is to publish bundle of data on consumer price inflation with core price inflation, new starts, building permits, industrial production, and manufacturing. Wednesday, May 18 New Zealand is to release data on producer price inflation. Japan is to publish data on first quarter GDP growth. Australia is to release first quarter wage index. The U.K. is to report on monthly employment. Eurozone is to publish data on consumer price inflation and core consumer prices. The Federal Reserve is to publish minutes of April monetary policy meeting.

Thursday, May 19 Japan is to release data on core machinery orders and industrial activity. Australia is to publish its monthly employment report. The U.K. is to report on April retail sales. In the Eurozone, ECB is to release its recent monetary policy meeting minutes followed by data on construction activity. Canada is to publish data on wholesale sales. The U.S. is to release weekly initial jobless claims and Philadelphia state manufacturing report. Friday, May 20 G7 meeting will be held in Tokyo, Japan. Germany is to publish data on producer price inflation. Canada is to release data on retail sales and consumer prices. The U.S. is to publish data on existing home sales.

Source: [SolForex Broker \(Review and Forex Rebates Up to 85%\)](#)